

Housing Benefit Direct.....

For staff involved in the delivery of HB/CTB in Local Authorities
February 2008

LHA Special Supplement

Editorial

Welcome to this edition of HB Direct focusing exclusively on the implementation of the Local Housing Allowance. As we are now only a few weeks away from national rollout, this will be the last in the series of special LHA editions of this newsletter we have provided over the past couple of years.



We are very well aware of all of the work you have done to prepare for a smooth rollout. The preparations for LHA has been on a larger scale than anything before for Housing Benefit. Of course, this reflects the scale of the change we are asking you to implement. I hope that you feel we have provided you with all of the support necessary – I am sure that all of the development work in IT, training, communications, external liaison, and everything else you have done to prepare will pay off from 7 April and beyond.

We fully recognise that the introduction of LHA is a major change. The move towards direct payments in particular reflects wider changes in government in encouraging financial inclusion, and paying rents at median rates provides a fairer, and a more transparent system for customers. You will probably be aware that we have undertaken to review the LHA over its first two years. This will enable us to take a close look at all aspects of the scheme to input into future policy development.

This is a good opportunity to thank the 18 local authorities that have already implemented LHA either as a pathfinder or as part of the second wave group. As well as the nine pathfinders being crucial to the policy development of the LHA through their participation in the evaluation, you have given us invaluable support in preparing for implementation, particularly in developing guidance and training material and your participation in the regional seminars over the Summer.

Finally, we are aware that many of you may have last minute LHA queries over the next few weeks. We have extensive material available on our website, including FAQs, and we are always happy to respond to individual queries through our email support line LHAadvice@dpw.gsi.gov.uk

Update from The Rent Service

Following the successful completion of a pilot to test centralised processing of HB casework in 2006, TRS undertook a review of processing procedures and resource requirements, following which the Agency Management Board agreed to establish a Central Processing Unit (CPU). This was to enable TRS to continue to provide an efficient service to local authorities and meet any challenges that the introduction of LHA for HB claims in April 2008 may bring.

The centralisation of the administrative processes that support HB casework will assist TRS to respond to the anticipated fluctuations in workload that LHA is likely to introduce and allow resources to be adjusted accordingly.

In January 2008 TRS established the CPU in Washington, Tyne and Wear which took overall responsibility for the administrative functions of all HB casework from the locally based Service Delivery teams. This has already delivered substantial productivity gains, increased customer service levels and supports the headcount reductions that will be brought about by the reduction in the HB referral system that the LHA is replacing.

You will now send your paper based referrals for HB claims, Pre-Tenancy Determinations and Re-Determination requests to the CPU. The CPU will also be providing a direct 'one stop service' for all telephone enquires with an 0870 number charged at local rates.

The CPU officially went live on Monday 14 January 2008 and is progressing well towards all paper based referrals dealt with by the CPU, by March 2008.

TRS have developed an alternative to paper based referrals, this is the Electronic Interface System (EIS) which allows the end to end processes to go electronically between a local authority and Rent Officer which ensures a faster service delivery (up to three days reduction in turnaround times), enhanced security of personal data and a very reduced error rate.

TRS have also developed an Internet portal that will enable you to have direct access to detailed CPU information and is supported by the CPU helpdesk.

"The aim is to establish a direct interactive relationship between the CPU and our customers." **Eileen Bewick, CPU Manager.**

DWP Department for
Work and Pensions

Safeguards and your Local Authority

You are aware that we have introduced the safeguard policy because some tenants are taking on the added responsibility of paying their rent for the first time and we realise that, due to individual circumstances, this may not always be possible. Financial inclusion is at the heart of the Government's Welfare Reform agenda and part of that reform includes customers receiving their benefit directly.

It is important that each case where safeguards may apply be looked at individually. The LHA Guidance Manual provides examples of where to apply the safeguard but this is not a definitive list as there is no blanket policy in this area, the decision is yours. Although customers may choose to seek evidence from advice agencies, doctors, social workers etc, that this is not mandatory and LAs can choose to apply the safeguard policy depending on the individual circumstances of the customer.

Other points you may want to consider

- Staff are made aware that information already held should be considered (for example by yourselves or other areas of your authority).
- Communicate the safeguard provisions. New customers may not be aware of the safeguard provision and so may not alert you to the fact that they need support with managing their financial affairs.
- You don't have to receive a formal representation if you have information available that means a decision can be made, however, you will need to consider the age of the information, obviously the older the information the less value it will have.
- Close working with organisations such as the Citizens' Advice Bureau (CAB) or other advice agencies is often very useful in identifying customers who might need to be considered as part of the safeguards policy. You may want to consider setting up a referral process with organisations such as the CAB which will assist customers who need help in this area.
- Consider attending forums with organisations such as the probation service, victim support and social services. Make sure that they're aware of the scheme and of what they can do to assist their customers and you when they identify someone who needs safeguarding.
- Consider providing landlords with a referral route for tenants who fall into arrears (not waiting for the mandatory eight weeks arrears).
- Let landlords know about the safeguard procedures. Ask them to report absconders (this will help in the identification of unlikely payers).

You should already have your safeguard policy and procedures in place in order to make decisions about

- what's acceptable evidence?
- who's going to make the decision on the representation that you receive? For example, will it be one person, a dedicated team of staff or will you pass these out to all of your staff?
- will you interview the customer? If so, which cases will you interview, all of them, only specific ones?
- how are you going to ensure consistency in your decision-making? Will these procedures be monitored?
- once a decision is made when will it be reviewed? Which types of claims will need an early review, which can wait longer?
- which claims can you revert to payment direct?

Of course, not all of your customers will necessarily have bank/building society accounts and this will be first time that they have to manage their money. Any support you can provide will be useful and supports the wider goals of financial inclusion.

Local Housing Allowance: Revised London Localities

Following consultations with all London Boroughs affected by proposed localities in the Westminster area, The Rent Service will implement the London localities on 1 March 2008.

LHAadvice@dwpgsi.gov.uk

LHA and 'now let's talk money' campaign

Following on from previous money advice information the following may be of interest as the 'nowletstalkmoney' website address is constantly being updated with a lot of useful information.

The 'now let's talk money' campaign is about raising awareness, among intermediary organisations and financially excluded people, that free face-to-face money and debt advice, affordable credit and loans, and credit union or basic bank accounts are available locally.

The campaign has a team of Stakeholder Managers covering the whole of the UK. They are now working very closely with local housing providers, credit unions and Moneylines to promote affordable credit to tenants. They are beginning to work more closely with the banks to ensure that banking staff understand the needs of financially excluded people, so that those who wish to open accounts are able to do so.

Stakeholder Managers can

- help you make tackling financial exclusion one of your top priorities
- help you make links with other intermediary organisations
- provide your staff with the training necessary to help them identify those people most in need of support, encouraging them to seek advice by signposting them to local sources of free face-to-face money and debt advice and/or affordable loans as appropriate

The campaign will also provide details of organisations to which tenants can be signposted to obtain

- free face to face money and debt advice
- affordable credit and loans, and
- information on basic bank accounts

People who are financially included are more likely to pay their bills on time providing business savings by reducing the resources required in collecting arrears etc.

Active participation in the campaign will afford you access to publicity among your peers and intermediary organisations from other sectors. For example participating organisations will be able to publicise their products and services in campaign material, via the campaign website.

From 19 October 2007 the website was enhanced to include a discussion forum for registered users. Some of the topics listed on the forum are

- Credit union debts
- Banking the financially excluded
- Financial awareness at start of tenancy
- LAs and the financial inclusion agenda

If you are interested in registering, the website address is www.nowletstalkmoney.com

LHA - Leeds City Council and their experience with Banks

As we prepared for the introduction of LHA we soon realised that it was vitally important that every tenant claiming LHA had a bank account into which we could pay their benefit.

Like many of you, we approached the local banks to find out how we could help our customers get a bank account. Some were more helpful than others but generally we received only basic advice about the types of identification that was acceptable, and the different accounts that each bank offered.

We were however very fortunate to have an excellent credit union in our area.

The Leeds City Credit Union (LCCU) is an organisation that provides straightforward, affordable financial services to a growing number of people in Leeds. The LCCU is one of the largest and most successful in the UK. Members are encouraged to save for their future, and in return they receive access to a range of financial services including affordable credit, insurance, money management services and a healthy return on their money. Those who are not in work are asked to save just a £1 a week, though they may choose to save more. Members can build up savings which they may then call upon in an emergency, removing the temptation to dip into their LHA in a crisis and avoid falling into arrears with their rent.

The Credit Union is regulated by the Financial Services Association (FSA) and consequently must adhere to the same money laundering laws that the banks do. However, in my experience the Credit Union has a much more flexible approach to the type of identification proof a person must provide. Once we had explained how the Verification Framework worked they realised that we could provide a letter that would satisfy one of the identity requirements and so the customer has only to find one other form of ID which has helped immensely.

Many customers use the credit union's bill paying service and some Leeds landlords have also joined the Credit Union so that members can transfer money directly into the landlord's account each time we pay the LHA. Members can also use this facility to pay their other regular household bills.

LCCU is now offering loans to tenants to provide a rent deposit. The loan repayments can in some cases be met by the excess LHA. Once repaid the tenant then has a deposit that they can claim back at the end of the tenancy and use as security at their next tenancy.

To find out more about credit unions and if there is one in your area, log on to the Association of British Credit Unions website at www.abcul.org

Jane McManus - Leeds City Council

LHA - Some final pointers from Lessons Learned

You should now be well underway with your LHA implementation. However, we have some final pointers which have been provided from lessons learned during the Pathfinder implementation of the scheme.

The following are some of the best practices that emerged and we hope they will help you with your final stages of implementation.

Bank accounts

If the customer does not have an account, you may want to support them in opening one by

- referring them to the Money Advice Service (MAS) when they attend Customer Enquiries or Cashiers to cash their LHA cheque
- encouraging them to seek advice from MAS
- ensuring that MAS offer one-to-one appointments for those having difficulty opening an account

Ensure that arrangements for referring to MAS are laid down clearly at an early stage and that the advisors are aware of that service.

Liaison with banks

Many of the pathfinders found direct liaison with banks extremely useful, particularly by

- clarifying with local banks what their requirements are, so that customers can be accurately informed of these at their point of transfer to LHA
- contacting local banks prior to and during implementation in order to establish ID requirements

- reaching an agreement with local banks and ensuring that they designate a liaison officer who can handle enquiries from HB administration

Steps to consider

- When banks have LHA liaison officers, ensure that they are aware of delivery problems which could delay LHA payments.
- Delays in payment of individual cases should be advised via a standard warning letter to customers.

Communication between landlords and HB administration

This is very useful and some authorities found the increased use of Landlord Forums, newsletters and, in some cases, dedicated helplines useful ways in liaising with landlords.

Direct Payments

As in previous HB regulations, payment is required to be switched to landlords once eight weeks or more arrears have been accrued. You could intervene earlier by investigating and where necessary switch payments to landlords before the arrears reaches the eight weeks. Such early intervention can be justified on grounds of missing rent payments as this can be seen to indicate that the claimant is unlikely to pay their rent, or is having difficulty doing so, and can prevent serious arrears arising.

If you have any further queries, please direct them to LHAadvice@dp.gsi.gov.uk

LHA- Final tips

In preparation for LHA there are a number of areas that are key to its success, and your main activities over the remaining few weeks will probably depend on where you currently are with each of these areas. All the areas listed below are important, but the first four are likely to be the most crucial in the early days of the scheme. This is just a quick guide to consider where you might need to target resources.

- 1 Software: whether you have the LHA release yet or not, it is vital that user testing has been planned as soon as possible, so that any problems can be highlighted, and resolved, as soon as possible.
- 2 Safeguard Policy: has the policy been agreed and if so has it been circulated to relevant staff/departments/stakeholders. Has a decision been made as to who will make the decisions, and is training planned on guidance?
- 3 Debt Advice: has a decision been made as to who will provide this? If it is an external organisation have any guidelines, or an SLA been agreed? If internal what training has been planned/given?

- 4 Staff training: awareness training should hopefully already have been done; but is the more detailed system and procedure training planned?
- 5 Bank accounts: has a leaflet been designed, and has anything been done yet to advertise/promote the need for accounts. Do you pay by BACS already, and if not do you have plans to?
- 6 Landlords and tenants: have they been sent information leaflets/packs. Do you have a good communication network with your landlords in particular?
- 7 Application Forms: have they been looked at, to see if they match how you want LHA to work in your authority?
- 8 Caseload: has any analysis been done to identify potentially vulnerable people? Have you discussed a possible referral scheme, with support groups, who will have closer links to the vulnerable people?

Nick Woodhouse - Blackpool City Council